

3. Forecasts of consolidated financial results for the year ending March 31, 2013

(Millions of yen, except per share data and percentage)

	Six months ending		Year ending	
	September 30, 2012		March 31, 2013	
	Amount	Change (%)	Amount	Change (%)
Net Sales	124,000	1.7	270,000	9.2
Operating Income	11,000	(29.0)	28,000	7.9
Ordinary Income	10,000	(30.8)	30,000	5.0
Net Income	9,000	(16.0)	24,000	-
Net Income per share (Yen)	27.56		73.50	

Notes: Revision of forecasts of consolidated financial results during this period - None.

4. Others

- (1) Significant changes in subsidiaries during this period (changes in specified subsidiaries, "tokutei kogaisha" defined in the "Cabinet Office Ordinance on Disclosure of Corporate Information, etc.", involving a change of the scope of consolidation during this period) : None
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements : None
- (3) Changes in accounting policies, accounting estimates or retrospective restatements
 - i. Changes due to revisions of accounting standards : Yes
 - ii. Changes in accounting policies other than the above (i) : Yes
 - iii. Changes in accounting estimates : Yes
 - iv. Retrospective restatement : None

Change in Depreciation Method for Tangible Fixed Assets

From this first quarter of 2012, in accordance with the revision of Corporation Tax Law effective on April 1, 2012, the Company and its domestic subsidiaries changed their depreciation method for tangible fixed assets acquired on or after April 1, 2012, to the method based on the revised Corporation Tax Law. The impact of the change is immaterial.

Change in Revenue Recognition Policy

In this first quarter of 2012, the Company and its domestic subsidiaries changed the way they recognize revenue for products sold to customers. Prior to the change, they recognized revenue mainly upon shipments.

Effective as of April 1, 2012, they recognize revenue when economic benefits and risks pass to the customers in accordance with the conditions in Sales Contracts.

NGK, as a group, applied different revenue recognition policies to its subsidiaries; the foreign subsidiaries recognize revenue in accordance with either of IFRS or USGAAP while the Company and its domestic subsidiaries recognized mainly upon shipments.

The Company reviewed the difference in policies after "Accounting Practice Committee Research Report No. 13 - Research Report on Revenue Recognition in Japan (interim report) -" was released by JICPA in July, 2009. The Company, seeing the unification of Revenue Recognition Policy as important to monitor their performance, reached the conclusion that it would be better to change the policy of the Company and its domestic subsidiaries to that of the foreign subsidiaries in consideration of the certainty of transfer of economic benefits and risk to the customers.

The Company finished the system modification before the end of previous year, and therefore the change was applied at that time.

This change in accounting policy has been accounted for retrospectively, and the results of the previous year have been restated. As compared to the results before the change, Sales was increased by ¥252 million. Operating Income, Ordinary Income and Income Before Tax Before Minority Interests for the previous first quarter were increased by ¥129 million, respectively. Retained earnings as of beginning of the previous year was decreased by 306 million due to cumulative effects of the change.

[Additional Information]

Change in Accounting Period of Foreign Subsidiaries

In this first quarter of 2012, 21 foreign subsidiaries, such as NGK North America, Inc., changed their closing date from December 31 to March 31 to align the closing date to their parent company. Seven subsidiaries in China and Mexico, which keep their closing date of December 31, are going to make provisional settlement of accounts on March 31. Prior to the change, the financial statement of foreign subsidiaries were consolidated with the three month time difference. The net profit of the foreign subsidiaries for the period between January 1, 2012 through March 31, 2012 were reflected as a change in Retained Earnings on Balance Sheet.

- (4) Number of shares outstanding (Common Shares)

	June 30, 2012	March 31, 2012
Number of shares outstanding at period end including treasury stocks	337,560,196	337,560,196
Number of treasury stocks at period end	11,048,288	11,043,028
Three months ended June 30, Average number of shares outstanding over period	326,514,313	326,514,259

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2012	As of March 31, 2012
Assets		
Current assets		
Cash and bank deposits	46,531	47,595
Notes and accounts receivable trade	51,665	54,848
Securities	70,277	68,530
Inventories	86,105	79,869
Other	31,653	32,379
Allowance for doubtful accounts	(78)	(111)
Total current assets	286,154	283,112
Non-current assets		
Tangible assets		
Buildings and structures	50,945	49,821
Machinery and vehicles	51,586	46,322
Other	40,470	39,300
Total tangible assets	143,002	135,444
Total intangible assets	5,309	3,513
Investments and other assets		
Investment securities	64,892	77,862
Other	23,386	23,606
Allowance for doubtful accounts	(218)	(216)
Total investments and other assets	88,059	101,252
Total non-current assets	236,371	240,210
Total assets	522,525	523,322

(Millions of yen)

	As of June 30, 2012	As of March 31, 2012
Liabilities		
Current liabilities		
Notes and accounts payable trade	25,033	24,589
Short-term borrowings	4,647	4,735
Current portion of long-term borrowings	8,000	8,000
Income taxes payable	925	3,835
Provisions	1,018	1,817
Provision for NAS Battery safety measures	41,015	42,334
Other	25,775	27,337
Total current liabilities	106,417	112,650
Long-term liabilities		
Long-term bonds payable	20,000	20,000
Long-term borrowings	103,722	98,701
Liability for employees' retirement benefits	16,197	16,465
Provision for product warranties	577	658
Other	9,261	10,465
Total long-term liabilities	149,758	146,290
Total liabilities	256,176	258,940
Net assets		
Shareholders' equity		
Common stock	69,849	69,849
Capital surplus	85,138	85,138
Retained earnings	163,174	158,634
Treasury stock	(14,417)	(14,412)
Total shareholders' equity	303,743	299,209
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	2,057	4,479
Deferred gain on derivatives under hedge accounting	26	34
Foreign currency translation adjustments	(47,819)	(47,727)
Post retirement benefit liability adjustments of foreign subsidiaries	(2,006)	(2,036)
Total accumulated other comprehensive income	(47,742)	(45,250)
Stock acquisition rights	741	741
Minority interests	9,606	9,681
Total net assets	266,349	264,381
Total liabilities and net assets	522,525	523,322

(2) Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2011
Net sales	62,099	60,359
Cost of sales	41,319	40,191
Gross profit	20,780	20,167
Selling, general and administrative expenses	13,359	11,610
Operating income	7,420	8,556
Non-operating income	952	1,188
Interest income	221	274
Dividend income	343	394
Gain on valuation of derivatives	238	331
Other	147	186
Non-operating expenses	2,669	1,334
Interest expense	408	273
Foreign exchange loss	1,387	346
Equity in loss of unconsolidated subsidiaries and associated companies	641	626
Other	232	89
Ordinary income	5,702	8,409
Extraordinary income	12	2
Gain on sales of fixed assets	12	2
Extraordinary loss	21	20
Loss on sales and disposals of fixed assets	21	20
Income before income taxes and minority interests	5,694	8,391
Income taxes - total	1,548	2,014
Income taxes -current	1,102	1,099
Income taxes -deferred	446	915
Income before minority interests	4,145	6,377
Minority interests in earnings of consolidated subsidiaries	38	291
Net income	4,107	6,085

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2011
Income before minority interests	4,145	6,377
Other comprehensive income		
Unrealized (losses) on available-for-sale securities	(2,427)	(548)
Deferred gains (losses) on hedges	(8)	33
Foreign currency translation adjustments	(88)	4,863
Share of other comprehensive income of associates accounted for by using the equity method	(1)	(1)
Post retirement benefit liability adjustments of foreign subsidiaries	29	(33)
Total other comprehensive income	(2,496)	4,312
Comprehensive Income	1,649	10,689
Comprehensive Income attributable to:		
Owners of the parent company	1,614	10,273
Minority interests	34	415

6. Note on the Assumption as a Going Concern

Not applicable

7. Segment Information

Three months ended June 30, 2012

(Millions of yen)

	Power	Ceramics	Electronics	Total	Elimination or Adjustment	Consolidated
Sales						
Sales to customers	13,642	34,853	13,603	62,099	-	62,099
Intersegment sales	7	40	-	47	(47)	-
Total sales	13,649	34,894	13,603	62,147	(47)	62,099
Operating income (loss)	(1,494)	7,850	1,064	7,420	-	7,420

Notes:

- As stated in "4. Others (3) Changes in accounting policies, accounting estimates or retrospective restatement", the Company and its domestic subsidiaries changed their Revenue Recognition Policy, and the change in accounting policy was applied retrospectively to the previous year ended June 30, 2011. Consequently, In Power Business Segment, Sales increased by ¥123 million, Operating Loss increased by ¥127 million. In Ceramics Business Segment, Sales increased by ¥260 million, Operating Income increased by ¥21 million. In Electronics Business Segment, Sales decreased by ¥130 million and Operating Income decreased by ¥19 million for the first quarter period, respectively, when compared to the figures before retrospective adjustments.
- Main products by business segment

Business Segment	Main products
Power	Insulators, hardware for insulator assemblies, current limiting arching horn, bushing shells, fuse cut-outs, APM, line arrester and NAS (sodium-sulfur) batteries
Ceramics	Automotive ceramics for exhaust gas purification, corrosion-resistant ceramic apparatuses for chemical industries, gas analyzer, industrial heating systems, refractory products and radioactive waste treatment systems
Electronics	Beryllium copper wrought products, molds and ceramic components for electronics and semiconductor manufacturing equipment

Three months ended June 30, 2011

(Millions of yen)

	Power	Ceramics	Electronics	Total	Elimination or Adjustment	Consolidated
Sales						
Sales to customers	14,458	29,684	16,215	60,359	-	60,359
Intersegment sales	8	48	-	56	(56)	-
Total sales	14,466	29,733	16,215	60,416	(56)	60,359
Operating income (loss)	(1,348)	7,586	2,296	8,534	21	8,556

8. Significant changes in stockholder's equity

Not applicable